

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 EURE-00 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SIL-01 DODE-00 PM-07 H-02 L-03

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NIC-01 AGR-20 OMB-01 ST-01 TRSE-00 RSR-01 /140 W
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P R 251348 Z MAY 73

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC PRIORITY 6171

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMCONSUL FRANKFURT

USMISSION BERLIN

USMISSION NATO

UNCLAS SECTION 1 OF 2 HELSINKI 1396

FRANKFURT FOR FRDCO

E. O. 11652: N/ A

TAGS: ELAB, FI

SUBJECT: FINLAND' S LABOR WOES CONTINUE

REF: (A) HELSINKI 811 (B) HELSINKI 862; (C) HELSINKI
1099; (D) HELSINKI 1126; (E) HELSINKI 1133;
(F) HELSINKI 1276; (G) HELSINKI 1 291; AND (H) HELSINKI
1369-- ALL NOTAL

1. BEGIN SUMMARY. LABOR WOES CONTINUE TO PLAGUE THE
FINNISH CECONOMY. A STRIKE BY MEMBERS OF TECHNICIANS'
FEDERATION OVER A RECOGNITION ISSUE HAS WIDENED TO
CAUSE MAJOR DIFFICULTIES FOR FINNAIR AS WELL AS FOR
FINNISH TELECOMMUNICATIONS. A LOCKOUT AND STRIKES
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IN THE CONSTRUCTION INDUSTRY HAVE BROUGHT MOST BUILDING ACTIVITY TO A STANDSTILL. THE BANK STRIKE HAS ENDED AND A NUMBER OF OTHER THREATENED CONFLICTS AVOIDED. BUT THIS YEAR'S FAILURE TO PRODUCE CENTRAL GUIDELINES FOR WAGE INCREASES HAS LED TO UNUSUAL ASSERTIVENESS BY SMALL UNITS IN THE LABOR MARKET AND FINLAND WILL CONTINUE TO SUFFER FROM THE EFFECTS FOR SOME WEEKS TO COME. END SUMMARY.

2. FOR THE FIRST TIME SINCE 1963 FINLAND'S ANNUAL WAGE NEGOTIATIONS ARE BEING CONDUCTED WITHOUT THE FRAMEWORK OF A BASIC NATIONWIDE AGREEMENT ON WAGE GUIDELINES CONCLUDED BY UNION AND MANAGEMENT FEDERATIONS. THIS HAS LED TO PARTICULARLY HARD BARGAINING IN SOME SECTORS COMPLICATED BY BEHIND- THE SCENES STRUGGLES FOR POLITICAL ADVANTAGE. MORE THAN HALF THE LABOR FORCE IS NOW COVERED BY NEW COLLECTIVE BARGAINING AGREEMENTS. THIS INCLUDES THE METAL, PAPER, WOOD- PROCESSING, FOODSTUFF, TEXTILE AND RETAIL SHOP WORKERS AS WELL AS MOST MUNICIPAL WORKERS AND WHITE COLLAR WORKERS INCLUDING THE BANK EMPLOYEES WHO ENDED THEIR STRIKE ON MAY 16 (REFS D AND E). MANY SMALL GROUPS AND THE LARGE COMMUNIST- LED CONSTRUCTION WORKERS UNION HAVE NOT YET COME TO TERMS, HOWEVER. SETTLEMENTS SO FAR HAVE FOLLOWED SO CALLED " NINE PERCENT LINE" WHICH WILL ACTUALLY RESULT IN MOST CASES OF INCREASED LABOR COSTS OF 14 TO 15 PERCENT (REF C). THE GREATER FREEDOM PROVIDED IN SECTOR BY SECTOR BARGAINING AND A CERTAIN STRIKE " PSYCHOSIS" AMONG YOUNGER WORKERS AND A RISING GENERATION OF NEW UNTESTED LABOR LEADERS HAS LED TO AN UNPRECEDENTED NUMBER OF STRIKE THREATS AS WELL AS A RASH OF ACTUAL LABOR CONFLICTS.

3. THE PRESENT SITUATION, HOWEVER, IS MARKED BY TWO MAJOR CONFLICTS WHICH DO NOT WHOLLY CONFORM WITH THE GENERAL SITUATION DESCRIBED ABOVE. THE STRIKE WITH THE MOST WIDESPREAD CONSEQUENCES IS THAT CALLED BY THE FEDERATION OF TECHNICAL EMPLOYEES (STTK). THE STTK WANTS RECOGNITION AS A FULL BARGAINING PARTNER IN COLLECTIVE NGTOATIONS WITH THE FINNISH GOVERNMENT. THE FEDERATION IS AN ANOMALY IN THE FINNISH LABOR SCENE, BEING AN ORGANIZATION OF WORKERS WITH TECHNICAL DEGREES WHO MOSTLY OCCUPY MIDDLE- MANAGEMENT AND SUPERVISORY POSITIONS

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IN GOVERNMENT AND PRIVATE INDUSTRY. THEIR DEMAND FOR RECOGNITION IS OPPOSED BY THE OTHER THREE TRADE UNION FEDERATIONS AS WELL AS BY THE GOVERNMENT AND THE EMPLOYERS ORGANIZATIONS IN THE PRIVATE SECTOR. THEIR MEMBERS WORK IN A NUMBER OF KEY SECTORS OF THE ECONOMY AND DESPITE THEIR SMALL NUMBERS THEY ARE TRYING TO BRING PRESSURE ON THE GOVERNMENT BY CREATING THE MAXIMUM INCONVENIENCE FOR

THE PUBLIC AT LARGE. THE MAJOR EFFECT OF THE STRIKE, WHICH BEGAN IN THE GOVERNMENT SECTOR ON MAY 9, HAS BEEN TO CAUSE EXTENSIVE DISRUPTIONS IN FINLAND'S DOMESTIC AND PARTICULARLY FOREIGN TELECOMMUNICATIONS. THE STRIKE HAS ALSO AFFECTED MAINTENANCE AND CONSTRUCTION OF ROADS, RAILROADS, AND WATERWAYS. YESTERDAY, MAY 24, A SYMPATHY STRIKE FOR THE GOVERNMENT EMPLOYEES BY STTK PERSONNEL IN FINNAIR, WHO HAVE ALREADY COME TO TERMS ON THIS YEAR'S LABOR CONTRACT, BROUGHT FINNAIR OPERATIONS TO A VIRTUAL STANDSTILL (HELSINKI 1369).

4. OPINIONS VARY ON THE PROBABLY OUTCOME OF THE STTK STRIKE. THE DISPUTE IS HARD TO CONCILIATE BECAUSE IT IS BASICALLY A YES OR NO ISSUE. SOME HOPE HAS BEEN HELD OUT FOR A SOLUTION PROPOSED BY THE STATE MEDIATOR, WHEREBY THE STTK WOULD AGREE WITH THE OTHER LABOR ORGANIZATIONS INVOLVED IN BARGAINING WITH THE GOVERNMENT TO BE A FULL PARTICIPANT IN A PRE- NEGOTIATION DISCUSSION IN WHICH THE LABOR GROUPS WOULD WORK OUT A JOINT POSITION AND BARGAIN WITH THE GOVERNMENT AS A UNIT. THE STTK HAS SO FAR REFUSED TO ACCEPT SUCH A SOLUTION, INSISTING ON THE RIGHT TO SIT AS AN INDEPENDENT PARTICIPANT IN COLLECTIVE BARGAINING NEGOTIATIONS WITH THE GOVERNMENT. THE STRIKE HAS BEGUN TO GIVE THE GOVERNMENT GRAVE POLITICAL DIFFICULTIES, PARTICULARLY WHEN ITS BID TO HOST ONE OR MORE PARTS OF THE CSCE IS IN THE FINAL STAGES OF DECISION. THE TECHNICIANS ARE, HOWEVER, CONTINUING WITH THE NECESSARY INSTALLATIONS TO READY FINLANDIA HALL FOR USE AS THE CONFERENCE SITE. THE PRIME MINISTER AND THE PRESIDENT HAVE EXPRESSED " SERIOUS CONCERN" BUT HAVE NOT INTERVENED ALTHOUGH THE MATTER WAS THE SUBJECT OF AN EXTRAORDINARY CABINET SESSION YESTERDAY. ONE KNOWLEDGEABLE AND NEUTRAL SOURCE TOLD THE EMBASSY PRIVATELY THAT IT NOW LOOKS AS IF THE STTK WILL WIN A
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MAJOR VICTORY.

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ACTION EUR-25

INFO OCT-01 ADP-00 EURE-00 CIAE-00 COME-00 EB-11 INR-10

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TO SECSTATE WASHDC PRIORITY 6172

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5. THE SECOND MAJOR CONFLICT IS IN CONSTRUCTION WHICH WAS LARGELY CLOSED DOWN BY AN EMPLOYER LOCKOUT AND SEVERAL EMPLOYEE COUNTER- STRIKES ON MAY 23 BECAUSE THE COMMUNIST- LED UNION FAILED TO REACH AGREEMENT ON CONTRACTS IN ALL THIRTEEN BRANCHES OF THE INDUSTRY. AGREEMENTS WERE REACHED IN EIGHT OF THESE AND ONLY MINOR DIFFERENCES REMAINED IN THE OTHER FIVE. POLITICAL FACTORS ARE PARAMOUNT IN THIS DISPUTE AND THE UNION FAILED TO COME TO TERMS LARGELY BECAUSE OF THE COMMUNISTS' INTERNAL DISPUTES AND THE FACT THAT THEIR LEADERSHIP FEELS THE NEED TO PROVE THEY ARE NOT LOSING THEIR GRIP. THE COMMUNIST LEADERSHIP HAS TRADITIONALLY SOUGHT TO EXTRACT A LITTLE EXTRA FOR ITS MEMBERS AND HAS BEEN MARGINALLY SUCCESSFUL OVER THE YEARS. THE EMPLOYERS, ON THE OTHER HAND, FEEL THE TIME HAS COME TO MAKE A STAND AND SHOW THAT THE COMMUNISTS HARD- LINE TACTICS CAN NOT ALWAYS PREVAIL.

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6. THE CONSTRUCTION STRIKE WILL APPARENTLY LAST THREE WEEKS OR MORE. THE EMPLOYERS ARE PREPARED TO LET THE UNIONS STEW FOR " AT LEAST TWO WEEKS" BEFORE RESUMING NEGOTIATIONS. THERE WILL BE LESS PRESSURE FOR A SETTLEMENT THAN IN AN EXPORT INDUSTRY OR IN THE CASE OF THE STTK BECAUSE THE EFFECTS OF THE STRIKE WILL BE LESS WIDESPREAD.

7. A RASH OF OTHER LABOR CONFLICTS ALSO COMPETE FOR THE PUBLIC' S ATTENTION AND STRAIN FINLAND' S LABOR MEDIATION FACILITIES. MORE THAN 60 STRIKE THREATS HAVE BEEN

FORMALLY PRESENTED SINCE APRIL 1 BUT ONLY ABOUT TEN HAVE
MATERIALIZED. THE LARGEST STRIKE OUTSIDE THE CONSTRUCTION
INDUSTRY IS THAT OF ABOUT 8,000 OIL TRANSPORT WORKERS
WHICH BEGAN SPORADICALLY THIS MORNING IN SPITE OF A
POSTPONEMENT UNTIL MAY 30 FOR A REFERENDUM
ON A NEW CONTRACT. GASOLINE AND HEATING
OIL MAY BECOME SCARCE IF THE STRIKE CONTINUES.
MEDIATION IS UNDERWAY WITH FORESTRY WORKERS AND DOCK
WORKERS.

8. MOST UNIONS WILL PROBABLY WORK OFF THEIR
FRUSTRATIONS BEFORE THE SUMMER VACATION PERIOD BEGINS
IN EARNEST BUT FINLAND WILL CONTINUE TO SUFFER LABOR
PAINS FOR SOME WEEKS TO COME.
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